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The Persian Gulf States: Post-War Issues for U.S. Policy, 2003

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The Persian Gulf States: Post-War Issues for U.S. Policy, 2003

Summary

The Bush Administration has said that the fall of Saddam Hussein's regime in April 2003 will ease the security challenges the Persian Gulf region faces. The U.S.-led war has ended Iraq's ability to produce weapons of mass destruction (WMD) and virtually ended any Iraqi conventional military threat to the region. However, some of the Persian Gulf states (Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates) fear that Iraq might no longer serve as a strategic counterweight to Iran and they fear that pro-Iranian Shiite Muslim groups might obtain a major share of power in post-war Iraq. Substantial Administration concern remains about Iran's WMD programs, particularly what appear to be rapid advances in its nuclear program, and the potential for Iran to transfer that technology or materiel to the terrorist groups it supports.

Over the longer term, with Iraq no longer a major power and the United States likely to sharply reduce its Gulf presence once Iraq is stabilized, the Gulf states might try to fashion a new security architecture for the Gulf that is based more on regional states and less on the United States. On the other hand, a reduction of the U.S. military presence in the Gulf might benefit the Gulf states by easing internal opposition to close cooperation with the United States.

Internally, most of the Gulf states are feeling pressure from a portion of their publics who largely view the U.S. war on Iraq as an invasion and occupation and who blame Gulf and other Arab governments for failing to head off the U.S. offensive. The Gulf governments are also being blamed by some in their population for failing to persuade the United States to end what is viewed in the region as a pronounced U.S. tilt toward Israel in the Israeli-Palestinian dispute. At the same time, some Gulf states are opening up their political processes as a means of deflecting popular pressure. Many experts believe that political and economic reform are the keys to long-term Gulf stability, as well as to the U.S. strategy of reducing support in the Gulf states for terrorist groups such as Al Qaeda.

Prior to the U.S.-led war on Iraq, the September 11, 2001, terrorist attacks in the United States had expanded the security challenges facing the United States in the Persian Gulf region. The Gulf states allegedly tolerated the presence of Al Qaeda activists and their funding mechanisms in the Gulf. Fifteen of the nineteen September 11 hijackers were of Saudi origin, as is Al Qaeda leader Osama bin Laden himself. The United States is working with the Gulf states to try to identify suspected Al Qaeda cells and cut off channels of financial support to that and other terrorist groups.

This report will be updated as warranted by regional developments.

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The Persian Gulf States: Post-War Issues for U.S. Policy, 2003

The Persian Gulf region is rich in oil and gas resources but has a history of armed conflict and major threats to U.S. national security. The region has seen three major wars in the past two decades: the Iran-Iraq war (1980-88), the Persian Gulf war (1991), and Operation Iraqi Freedom (2003). This report, which will be revised periodically, discusses U.S. efforts to manage remaining Gulf security interests as well the new challenges highlighted by the September 11, 2001, attacks on the United States and to adapt to the aftermath of the U.S.-led offensive to change Iraq's regime (Operation Iraqi Freedom). The report is derived from a wide range of sources, including press reports, unclassified U.S. government documents, U.N. documents, observations by the author during visits to the Gulf, and conversations with U.S., European, Iranian, and Gulf state officials, journalists, and academics. For further reading, see CRS Report RL31339: *Iraq: U.S. Regime Change Efforts and Post-War Governance*; CRS Issue Brief IB93033, *Iran: Current Developments and U.S. Policy*; and CRS Issue Brief IB93113, *Saudi Arabia: Post-War Issues and U.S. Relations*; CRS Report RL31718, *Qatar: Background and U.S. Relations*; CRS Report RS21513, *Kuwait: Post-War Issues and U.S. Policy*; CRS Report 95-1013, *Bahrain: Post-War Issues and U.S. Policy*; CRS Report RS21534, *Oman: Current Issues*; and CRS Report 98-436, *United Arab Emirates: U.S. Relations and F-16 Aircraft Sale*.

Past Conflicts and Threat Perceptions in the Gulf

Iran, Iraq, and the six Gulf monarchy states that belong to the Gulf Cooperation Council (GCC, comprising Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman) possess about two thirds of the world's proven reserves of oil. The countries in the Gulf produce about 28% of the world's oil supply, according to the U.S. Energy Information Administration. Saudi Arabia and Iraq are first and second, respectively, in proven reserves. Iraq, which is relatively unexplored and in which new energy exploration is barred by U.N. sanctions, might ultimately be proven to hold more oil than does Saudi Arabia. Iran and Qatar, respectively, have the second and third largest reserves of natural gas in the world; gas is an increasingly important source of energy for Asian and European countries. Difficulties in the discovery and transportation of oil and gas from the Central Asian/Caspian Sea countries ensure that the Gulf will almost certainly be a major source of energy well into the 21st century, although many experts increasingly see the Central Asia/Caspian countries and Russia as energy sources likely to rival the Gulf. Each of the Gulf states, including Iran and Iraq, appears to have an economic interest in the free flow of oil, but past political conflict in the Gulf and broader Middle East has

often led to sharp fluctuations in oil prices and increased hazards to international oil shipping.

Both Iran and Iraq have threatened U.S. security interests directly and indirectly, and past conflicts in the Gulf have threatened to spin out of control when weapons of mass destruction (WMD) and ballistic missiles were used. Iran and Iraq fought each other during 1980-1988, jeopardizing the security of the Gulf states, and each has fought the United States, although in differing degrees of intensity. Iran and the United States fought minor naval skirmishes during 1987-88, at the height of the Iran-Iraq war — a war in which the United States tacitly backed Iraq. During one such skirmish (*Operation Praying Mantis*, April 18, 1988) the United States fought a day long naval battle with Iran that destroyed almost half of Iran's largest naval vessels. On July 3, 1988, the United States mistakenly shot down an Iranian passenger aircraft flying over the Gulf (Iran Air flight 655), killing all 290 aboard. To liberate Kuwait from Iraq, which invaded and occupied Kuwait on August 2, 1990, the United States deployed over 500,000 U.S. troops, joined by about 200,000 troops from 33 other countries. That war (Operation Desert Storm, January 16-February 27, 1991) resulted in the death in action of 148 U.S. service personnel and 138 non-battle deaths, along with 458 wounded in action. The Gulf war reduced Iraq's conventional military capabilities roughly by half, but, prior to Operation Iraqi Freedom, Iraq was still superior to Iran and the Gulf states in ground forces. Iran's financial capabilities are limited, but it faces no mandatory international restrictions on its imports of advanced conventional weapons, and Iran has been slowly rearming since 1990.

In addition to their conventional forces, both Iran and Iraq developed weapons of mass destruction (WMD) programs. Iraq's missile, chemical, nuclear, and biological programs, begun during the Iran-Iraq war, were among the most sophisticated in the Third World at the time of Iraq's invasion of Kuwait. Israel was sufficiently concerned about Iraq's nuclear program that it conducted an air-strike against Iraq's French-built Osirak nuclear reactor on June 7, 1981, temporarily setting back Iraq's nuclear effort. During the 1991 Gulf war, Iraq fired 39 enhanced Scud missiles at Israel, a U.S. ally, and about 50 enhanced Scud missiles on targets in Saudi Arabia. One Iraqi missile, fired on coalition forces on February 25, 1991 (during Desert Storm) hit a U.S. barracks near Dhahran, Saudi Arabia, killing 28 military personnel and wounding 97. During the Iran-Iraq war, Iraq fired enhanced Scud missiles at Iranian cities.¹ On ten occasions during that conflict, it used chemical weapons against Iranian troops and Kurdish guerrillas and civilians, killing over 26,000 Iranians and Kurds.² U.N. weapons inspectors dismantled much of

¹ The missiles were supplied by Russia but Iraq enhanced their range to be able to reach Tehran, which is about 350 miles from the Iraq border. The normal range of the Scud is about 200 miles.

² Central Intelligence Agency. *Iraq's Weapons of Mass Destruction Programs*. October 2002, p. 8. According to the study, Iraq used mustard gas, tabun, and other "nerve agents." According to the report, the majority of the casualties were Iranian, suffered during major Iranian offensives, including Panjwin (October-November 1983, Majnoon Island (February-March 1984), the Hawizah Marshes (March 1985), Al Faw (February 1986), Basra (April (continued...))

Iraq's WMD infrastructure during 1991-1998, but they left in 1998 due to Iraqi obstructions and without clearing up major unresolved questions about Iraq's WMD. New U.N. inspections began, under threat of U.S. force, in November 2002, but were ended after the Bush Administration and its allies determined that Saddam Hussein's regime would not fully cooperate and decided to overthrow the regime by force.

Operation Iraqi Freedom ensured that Iraq's WMD programs were ended but Iran's WMD programs are not subject to the same scrutiny as that applied to those of Iraq. Some of Iran's programs have made significant strides during the 1990s with substantial help from Russia, China, North Korea, and other countries and entities. It is openly testing extended range missiles and building civilian nuclear infrastructure that the United States asserts would only be suitable if Iran were attempting to achieve a nuclear weapons capability.

Both Iran and Iraq are on the U.S. list of state sponsors of terrorism, although annual State Department reports on international terrorism ("Patterns of Global Terrorism") have consistently deemed Iran a larger terrorist threat than Iraq, even when Saddam Hussein was in power. The Islamic regime in Iran, which came to power in February 1979, held American diplomats hostage during November 1979-January 1981, and the pro-Iranian Lebanese Shia Muslim organization Hizballah held Americans hostage in Lebanon during the 1980s. Since then, Iran has supported groups (Hizballah and the Palestinian groups Hamas and Palestinian Islamic Jihad) that oppose the U.S.-sponsored Arab-Israeli peace process and carry out terrorist attacks against Israelis. Some pro-Iranian groups have sought to destabilize some of the Gulf states, although Iran's support for these groups has diminished since Iran's relatively moderate President Mohammad Khatemi came into office in 1997 and subsequently improved relations with the Gulf states. U.S. law enforcement officials say Iranian operatives were involved in the June 1996 bombing in Saudi Arabia of the Khobar Towers housing complex for U.S. military officers, in which 19 U.S. airmen were killed. Iraq publicly supported Palestinian violence against Israel, but reports indicate that, over the past decade, Baghdad had limited contact with the groups that are most active in violence and terrorism against Israel. According to publicly available information, neither Iran nor Iraq has been linked to the September 11 attacks, although press reports say that some Al Qaeda activists fleeing Afghanistan have transited or took refuge in both countries.

Both countries have been accused by successive U.S. administrations as systematic violators of human rights. Saddam Hussein's regime was long considered by the U.S. government as a gross violator of human rights based on its treatment of political dissidents, the Shiite majority, and the Kurds and other ethnic minorities. The Clinton Administration pressed for a war crimes tribunal for Saddam Hussein and 11 other Iraqi officials. U.S. and U.N. human rights reports have accused Iran of numerous human rights abuses, although not to the degree cited for Iraq.

² (...continued)

1987), and Sumar/Mehran (October 1987).

The Gulf states face internal threats not attributable to Iran or Iraq. All six Gulf states — Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE), Oman, and Qatar — are hereditary monarchies. They allow limited formal opportunity for popular participation in national decision-making, although several, particularly Bahrain, Qatar, and Oman, are opening up their political processes and earning U.S. official praise for doing so. Kuwait has had a vibrant, elected parliament for over four decades, although the parliament has periodically been suspended and female suffrage is still banned there. Some of the Gulf states, including Saudi Arabia, Kuwait, and the United Arab Emirates, are undergoing leadership transitions; Bahrain's leadership passed to a new generation in March 1999 when the long serving Amir (ruler) died suddenly.

The September 11 attacks have heightened U.S. concerns about radical Islamic activists operating in the Gulf states. These activists, who might be linked to or sympathetic to Al Qaeda, do not currently appear to threaten the stability of any of the Gulf regimes, although the networks could be planning acts of terrorism against U.S. forces and installations there. The September 11 attacks have stimulated some sources of tension between the United States and some of the Gulf monarchy states, particularly Saudi Arabia, over allegations that Gulf donors have, wittingly or unknowingly, contributed to groups and institutions linked to Al Qaeda and other terrorist organizations.

Regime Change in Iraq

During the 1990s, the primary U.S. objective in the Gulf was to contain the threats posed by Iraq and Iran. In May 1993, shortly after taking office, the Clinton Administration articulated a policy of “dual containment” of Iran and Iraq. The Administration explained the policy as an effort to keep both Iran and Iraq strategically weak simultaneously, in contrast to past policies that sought to support either Iran or Iraq as a counterweight to the other. Iraq's failure to fully comply with U.N. Security Council resolutions since its military expulsion from Kuwait in 1991 kept the United States and Iraq at odds. In November 1998, the Clinton Administration publicly added a dimension to U.S. policy that went beyond containment — promoting the change of Iraq's regime — although the Clinton Administration ruled out major U.S. military action to achieve that goal.

U.S. efforts to keep Iraq strategically weak and politically isolated underwent several adjustments after the Gulf war ended in 1991. During 1991-1997, the United States and its allies relied largely on U.N. weapons inspections established by U.N. Security Council Resolution 687 (April 3, 1991) to eliminate and prevent the rebuilding of Iraq's WMD capabilities. U.N. Security Council resolutions, including 661 (August 6, 1990), which imposed a comprehensive embargo on Iraq, prohibit it from importing any conventional weaponry.

Iraq accepted U.N. weapons inspections by the U.N. Special Commission on Iraq (UNSCOM) as long as Iraq believed that it would obtain a ruling from UNSCOM that all its WMD programs had been ended. Under Resolution 687 (April 3, 1991), such a ruling would have opened Iraq to the unrestricted exportation of oil.

In 1997, Iraq apparently determined that it would not obtain a favorable U.N. Security Council decision to ease sanctions, and it reduced its cooperation with UNSCOM. Beginning in October 1997, Iraq obstructed the work of UNSCOM teams (designating certain sites “off-limits,” attempting to alter the composition of inspection teams) to the point where UNSCOM withdrew from Iraq (December 15, 1998). In response to Iraq’s non-cooperation, the United States and Britain conducted a 70 hour bombing campaign (Operation Desert Fox, December 16-19, 1998) against Iraq’s WMD-capable factories and other military installations. From then until November 2002, there had been virtually no independent WMD inspections in Iraq, with the exception of a few International Atomic Energy Agency (IAEA) visits to monitor Iraq’s compliance with its Nuclear Nonproliferation Treaty (NPT) obligations. In December 1999, the U.N. Security Council attempted to persuade Iraq to accept new inspections under U.N. Security Council Resolution 1284 (December 17, 1998), but Iraq refused to allow new inspections.

To ensure that Iraq could not use its still formidable conventional forces against its neighbors, the United States and Britain patrolled “no fly zones” over northern and southern Iraq in the “Northern Watch” and “Southern Watch” operations, respectively.³ Together, the zones cover approximately 62% of Iraq’s territory. The enforcement of the zones was not specifically authorized by U.N. Security Council resolutions, but they were set up by the United States, France, and Britain to monitor Iraq’s compliance with Resolution 688 (April 5, 1991), which demands that Iraq cease repressing its people.

Bush Administration Policy. The Bush Administration, in the aftermath of the September 11 attacks, moved policy toward Iraq from containment to regime change, as part of the overall “war on terrorism.” In his January 29, 2002, State of the Union message, President Bush called Iraq part of an “axis of evil,” along with North Korea and Iran. He identified the key threat as Iraq’s potential to deliver WMD against the United States and its friends and allies, or to transfer WMD technology to terrorist groups.

In the view of the Administration, Iraq’s Hussein would never disarm and needed to be overthrown if the goal of eliminating Iraq’s WMD programs was to be accomplished. Others believed Iraq could be persuaded, possibly by threatening force, to cooperate with a U.N. disarmament process, and that this would ensure U.S. interests without necessitating a change of regime.

Operation Iraqi Freedom was launched on March 19, 2003, and the regime of Saddam Hussein fled Baghdad on April 9, leaving U.S. and allied forces in effective control of Iraq. As discussed further in the concluding section to this paper, the overthrow of Saddam Hussein has generated a sense of relief among the Gulf states, but also apprehension, as long as a stable, moderate government is not in place in Iraq and attacks on U.S.-led forces continue. The Gulf states are concerned that continued casualties will cause the United States to withdraw before a stable

³ In January 1997, following a U.S. confrontation with Iraq in August 1996, France ended its participation in Northern Watch. It ceased participating in Southern Watch following Operation Desert Fox (December 16-19, 1998).

democracy is established. Some Gulf states are concerned that the strategic weakness of post-war Iraq will embolden Iran to take a more active role in Gulf security and to seek to enlist the Gulf states in an Iran-led Gulf security structure.

Iran: Continued Concerns in the Post-War Gulf

As noted previously, the United States and Iran have been mostly at odds since the February 1979 Islamic revolution there. The May 1997 election of a reformist, Mohammad Khatemi, as Iran's President prompted the United States to attempt to end the mutual acrimony. However, Khatemi is surrounded by a power structure and officials, in place since the 1979 Islamic revolution, that is deeply suspicious of the United States and which controls the coercive arms of the state (military, police, and judiciary). This part of the power structure, led by Supreme Leader Ali Khamene'i, who is Iran's top leader under Iran's constitution, has curbed Khatemi's ability to improve relations with the United States and slowed the momentum of internal reform. Some U.S. officials no longer believe that engaging Khatemi's government would prove productive,⁴ but the two countries have had some direct dialogue since 2001 to discuss U.S. regime change operations in Afghanistan and Iraq, both of which border Iran.

U.S. foreign policy experts have argued that improved relations with Iran could help the United States accomplish several goals, including containing Saddam Hussein's Iraq; reducing the threat to the United States and to the Arab-Israeli peace process posed by Islamic terrorist groups; easing Iran's opposition to a large U.S. military presence in the Persian Gulf region; dissuading Iran of the need to acquire weapons of mass destruction; and curbing the regional threat from the Taliban regime in Afghanistan, which was at odds with Iran from the time it took power in Kabul in September 1996. Some U.S. corporations, meanwhile, argued that improved U.S.-Iranian relations could help open up new energy routes for Caspian/Central Asian energy resources, benefit U.S. exporters, and end trade disputes with U.S. allies precipitated by U.S. secondary sanctions laws.⁵ Others maintained that the United States could not and should not isolate a country of over 65 million people, with a location and resources as strategic as those of Iran.

The Clinton Administration sought dialogue with Khatemi's government to advance these U.S. interests and to press U.S. concerns, which it defined primarily as Iran's attempt to acquire weapons of mass destruction and delivery means, opposition to the Arab-Israeli peace process, and support for international terrorism. However, Iran refused direct dialogue with the United States until the September 11, 2001, attacks brought the United States, in force, into Iran's immediate neighborhood.

⁴ Kessler, Glenn. U.S. Changes Policy on Iran. *Washington Post*, July 23, 2002.

⁵ The most widely known example of U.S. secondary sanctions on Iran is the Iran-Libya Sanctions Act, P.L. 104-172, of August 5, 1996. For analysis of that and other U.S. sanctions on Iran, see CRS Report 97-231, *Iran: U.S. Policy and Options*.

The Bush Administration, the September 11 Attacks, and Iran. The Bush Administration came into office espousing much the same policy toward Iran as the preceding administration - offering dialogue but repeating U.S. concerns and insisting those concerns be addressed. After the September 11 attacks, there was substantial optimism for a major breakthrough in relations when Iran largely cooperated with the U.S. effort to defeat the Taliban and install a new government. Some note that Iran had long wanted the Taliban ousted, so that backing the U.S. effort was in Iran's own interests and did not necessarily represent a new effort to reach out to the United States or a turning away from support for international terrorism. Immediately after the defeat of the Taliban, revelations of an Iranian arms shipment to Palestinians linked to the Palestinian Authority (January 2002), and indications of Iranian meddling inside Afghanistan, reversed the warming trend and revived longstanding U.S. suspicions of Iran. President Bush characterized Iran as part of an "axis of evil," along with North Korea and Iraq, in his January 29, 2002 State of the Union message. U.S. officials have since added that there is evidence some Al Qaeda activists have been allowed — possibly by radicals in Iran's Revolutionary Guard or its intelligence services — to transit or take refuge in Iran, although there is no evidence that it is official Iranian policy to back the group.

U.S. concerns about Iran's WMD programs, particularly its nuclear program, have heightened as Iran has advanced these programs over the past year. Khatemi has not sought to curb Iran's WMD programs; all factions in Iran appear to agree on the need to continue developing these programs. They perceive that Iran is threatened on virtually all sides: by an erstwhile enemy and now U.S. forces in Iraq and a nuclear-armed Israel to the west; by a nuclear-equipped Pakistan and a now U.S.-dominated Afghanistan, to the east; by U.S. forces in the Gulf, to Iran's south; and by U.S. forces now based in Central Asia and increasingly present in the Caucasus, to the north. At the same time, progress on WMD could embolden Iran to try to intimidate the Gulf states, particularly now that Iraq is no longer a military power in the region. U.S. government officials and reports say Iran is actively pursuing a long-range missile program, that it is building a chemical and biological weapons infrastructure, and that it is acquiring expertise and technology that could be used in a nuclear weapons program. Since July 1998, Iran has conducted four tests of its Shahab-3 (Meteor) ballistic missile (800-900 mile range), which could enable Iran to threaten Israel, Turkey, and parts of Central and South Asia. The latest of the tests, in June 2003, appears to have been successful because, following the test, Iran declared the missile operational.

In December 2002, commercial satellite photos revealed at least two new sites, Arak and Natanz, that U.S. experts believe are part of a nuclear weapons program. A June 2003 IAEA report, based on an IAEA visit to Iran in February 2003, criticized Iran for failing to promptly declare all aspects of its nuclear program, but it stopped short of declaring Iran in breach of its NPT obligations. There are disagreements inside Iran over the degree to which Iran should cooperate — or appear to cooperate — by bending to IAEA and international demands to sign the "Additional Protocol" to the NPT that would allow for intrusive inspections of its nuclear facilities.

The United States is also watching the balance of factions inside Iran to determine whether or not more moderate forces might prevail, on the assumption that reformist elements might eventually shift Iran's foreign policy course. President

Khatemi has attempted to liberalize social and political life since taking office, but conservative forces in Iran appear to have gained the upper hand politically and are thwarting most of his internal reforms. U.S. officials say that they doubt that Khatemi can gain the upper hand in this power struggle, and a July 12, 2002 statement issued by President Bush, as well as subsequent statements, indicated a shift in U.S. policy by expressing support for Iranian reformers and Iran's people, not for Khatemi or his government. However, since 2001 the two countries have conducted official dialogue on Iraq and Afghanistan, suggesting that U.S. officials see utility in a degree of engagement with Iran. No U.S. policy shift toward regime change in Iran has been announced, although there is said to be discussion within the Administration of this option, as well as of specific counter-proliferation military actions.

The Persian Gulf Monarchies: Coping With Internal and External Threats

Over the past two decades, U.S. attempts to contain the threats from Iran and Iraq have depended on cooperation with the Persian Gulf monarchies of the Gulf Cooperation Council (GCC).⁶ Those threats made the Gulf states highly dependent on a significant military presence in the Gulf. Some Gulf states are concerned that the United States might turn its attention away from the Gulf now that Saddam Hussein has been removed. However, the United States is likely to remain highly engaged in the Gulf because the September 11 attacks added a new dimension to U.S. relations with the Gulf states beyond the need to contain longstanding threats from Iran or Iraq. After the September 11 attacks, the United States began pressing the Gulf states for their cooperation against Al Qaeda activists and financial channels located in the Gulf states themselves. The need for the United States to deal with all the security threats emanating from the Gulf gives the United States a stake in the political stability of the Gulf regimes. Despite the threats they face, the GCC states have proved more durable politically than some experts had predicted, surviving attempts to subvert them by Iraq (1970s) and Iran (1980s and 1990s), the eight year Iran-Iraq war (September 1980-August 1988), the Iraqi invasion and occupation of Kuwait (August 1990-February 1991), and post-Gulf war unrest and uncertain leadership transitions in a few of the GCC states. (See Appendix 4 for a map of the Gulf region.)

Domestic Stability

Many of the Gulf monarchies face potential threats to political stability. Although some, such as Bahrain and Saudi Arabia, have experienced open unrest since the 1991 Gulf war, virtually all of the Gulf governments appear to be firmly in power. Several are undergoing leadership transitions, and some are gradually

⁶ For further information on the Gulf states, see CRS Issue Brief IB93113, *Saudi Arabia: Post-War Issues and U.S. Relations*; CRS Report RS20354, *Qatar: Background and U.S. Relations*; CRS Report 95-1013, *Bahrain*; CRS Report 95-1071, *Oman*; CRS Report 98-436, *United Arab Emirates: U.S. Relations and Prospective F-16 Sale*; and CRS Report 98-600, *Kuwait: Current Issues and U.S. Policy*.

opening up their political processes. Since the September 11 attacks, the United States has heightened its attention to public attitudes in the Gulf in light of surveys and reports that many Gulf citizens are sympathetic to at least some of the goals of radical Islamic movements such as Al Qaeda. Al Qaeda leader Osama bin Laden is viewed by many Gulf citizens as a revolutionary Islamic figure who is fighting to overcome U.S. influence over the Islamic world,⁷ but bin Laden supporters and other Islamic activists do not appear to pose a major challenge to the Gulf regimes at this time. Some U.S. officials are concerned that Al Qaeda, defeated in Afghanistan, might turn its attention to destabilizing pro-U.S. Arab governments in the Gulf or elsewhere and to attacking U.S. forces based in the Gulf.

Leadership Transition. Still governed by hereditary leaders, several of the GCC states are coping with current or imminent leadership transitions. Although few observers forecast bloody succession struggles in any of the Gulf states, succession uncertainties have already begun to cloud political or economic reform efforts under way or planned.

- In Saudi Arabia, King Fahd suffered a stroke in November 1995 and, although still holding the title King, he has yielded day-to-day governance to his half-brother and heir apparent, Crown Prince Abdullah. Abdullah is the same age as Fahd (about 79) but Abdullah appears to be in reasonably good health. Abdullah has been more willing than Fahd to question U.S. policy in the region and U.S. prescriptions for Saudi security, which, together with his image of piety and rectitude, could account for his relative popularity among the Saudi tribes and religious conservatives. At the same time, Abdullah has tried to design and time some of his own initiatives on the Middle East peace process and Arab reform to coincide with and support those announced by the Bush Administration. There have been repeated reports in recent months that King Fahd would formally relinquish power, but he has not done so to date.
- In Bahrain, the sudden death of Amir (ruler) Isa bin Salman Al Khalifa on March 6, 1999 led to the accession of his son, Hamad bin Isa Al Khalifa, who was commander of Bahrain's Defense Forces. In February 2002, he formally changed Bahrain into a kingdom and took the title King instead of Amir. King Hamad has moved decisively to try to address the grievances that caused Bahrain's unrest in the mid-1990s, as discussed below. King Hamad is about 53 years old and has named his son Salman, who is about 33 years old, as Crown Prince. This has caused some friction with King Hamad's uncle, Khalifa bin Salman Al Khalifa, who serves as Prime Minister and is considered a traditionalist rather than a reformer.

⁷ For more information on bin Laden, see CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors*, 2002. February 13, 2002, by Kenneth Katzman.

- The UAE is in transition from the ailing Shaikh Zayid bin Sultan al-Nuhayyan, ruler of the emirate of Abu Dhabi who helped found and became President of the seven-emirate UAE federation in 1971. His eldest son, Crown Prince Khalifa, who is about 45, is the likely successor, and Khalifa has been assuming a higher profile in the UAE over the past few years. Khalifa's formal succession could become clouded if the rulers of the other six emirates of the UAE federation, or even factions within Abu Dhabi itself, oppose him as leader. However, the UAE is well placed to weather this transition because it has faced the least unrest of any of the Gulf states, its GDP per capita (\$22,000 per year) is the highest in the Gulf, and there are few evident schisms in the society.
- The reform-minded ruler of Qatar, Shaikh Hamad bin Khalifa Al Thani, overthrew his father in a bloodless coup in June 1995. Although the Amir accused his father and other GCC states of attempting a counter coup in early 1996, the Amir and his father reconciled to some extent in late 1996. The Amir's reform agenda, as well as his attempts to carve out a foreign policy independent from that of Saudi Arabia, has garnered wide support internally and there has been little evidence of unrest. However, there are indications that, prior to September 11, Al Qaeda activists were present in or transited Qatar. Amir Hamad is about 51 years old.
- In Kuwait, virtually the entire top leadership is ailing, particularly Amir Jabir al-Ahmad Al-Sabah and Crown Prince Sa'd al-Abdullah Al-Sabah. Deputy Prime and Foreign Minister Sabah al-Ahmad Al-Sabah has run the government day-to-day for at least the past three years. The leadership uncertainty has created significant delays in making key political economic decisions, such as allowing foreign investment in the energy sector, and fostered an image of political stagnation. In an effort to move decisionmaking forward, the Amir tapped Shaikh Sabah on July 12, 2003 to be Prime Minister (he was acting in that capacity previously), thereby separating the post of Prime Minister and Crown Prince. Over the longer term, there are several younger potential successors with significant experience in government, such as Minister of State for Foreign Affairs Mohammad Al Sabah and Oil Minister Ahmad al-Fahd Al Sabah, but they have not sought to persuade the existing leaders to step down. Islamic fundamentalist opposition to the ruling Al Sabah family is contained within the context of Kuwait's elected National Assembly, and virtually no anti-regime violence has occurred there since the Gulf war.
- With the exception of an alleged Islamist plot in 1994 that led to a few hundred arrests, Oman has seen little unrest since Sultan Qaboos bin Said Al Said took power from his father in 1970. Qaboos is about 63 years old and in good health, but the royal family in Oman is relatively small and there is no heir apparent or clear successor, should he pass from the scene unexpectedly. Like his colleagues in

Qatar and Bahrain, Qaboos has undertaken numerous reforms, although at a more gradual pace than those two states.

Political Liberalization. Some Gulf leaders are gradually opening the political process, in part to help them cope with the challenges of modernization and globalization. The Gulf leaders undertaking these steps hope that political liberalization will ensure stability, although some fear that this process could backfire by empowering Islamic extremists and providing the Islamists a platform to challenge the incumbent regimes. In the immediate aftermath of the 1991 Gulf war, the United States actively encouraged the Gulf states to open their political systems, but largely dropped that from the U.S. agenda in the late 1990s and early 2000's as defense and security needs of containing Iraq and Iran took priority.

Since the September 11 attacks, U.S. officials have said that the United States must work to bring political and economic reform to the Middle East, and encouraging political liberalization has returned to a leading position on the U.S. agenda for the Gulf. U.S. officials see liberalization as a means of reducing support in these countries for extremist movements. U.S. officials also stress that they are not pressing the Gulf states to adopt a U.S. or European concept of democracy, but rather to widen popular participation within their own traditions. U.S. diplomats are pressing for adherence to the rule of law, economic transparency, judicial reform, improvement in the education system, and the opening of the media. The Bush Administration is promoting these reforms with U.S. Agency for International Development (USAID) programs as well as those funded by the State Department's Near East Bureau and its Bureau of Democracy, Human Rights, and Labor. On December 12, 2002, Secretary of State Powell announced a new "Middle East Partnership Initiative," to include new funds for promoting these reforms in the Gulf and elsewhere in the Middle East. (For information on the Partnership Initiative and funding amounts provided by it, see CRS Report RS21457, *The Middle East Partnership Initiative: An Overview*.)

- Kuwait has traditionally been at the forefront of political liberalization in the Gulf, but it has not moved further on this front in the past few years. In response to popular pressure after its 1991 liberation, Kuwait revived its elected National Assembly in October 1992, after six years of suspension. Kuwait's 50-seat Assembly still has more influence in decision-making and more scope of authority than any representative body in the GCC, with the power to review and veto governmental decrees. However, on two separate occasions in 1999, a long awaited effort by the government to institute female suffrage was rebuffed by a coalition of conservative tribal deputies and Islamists in the National Assembly. The Clinton Administration expressed support for the government's effort. The government has not aggressively renewed the push for female suffrage since. On July 5, Kuwait held its tenth National Assembly elections with an electorate of about 136,000 males. Reformists lost most of their seats, and Islamist candidates retained their approximately one-third share of seats. However, pro-government assembly deputies, mostly tribal and trading family representatives, have a working majority in the body, and it is possible that female

suffrage might be enacted if the government presses the issue forcefully.

- In the start of a series of initiatives to expand public participation, in March 1999 Qatar held elections to a 29-member municipal affairs council. In a first in the Gulf, women were permitted full suffrage and 6 women ran for the council, but all six lost. In late 1998, the Amir of Qatar announced that a constitution would be drafted providing for an elected National Assembly to replace the appointed 35-member consultative council in place since independence in 1971. The constitution was adopted in a national referendum, in which women voted, in April 2003. Its approval (by 97% of the electorate) paves the way for elections to a one-chamber assembly, to be held as early as the end of 2003. Thirty seats of the 45-seat body are to be elected, with the remaining fifteen appointed. The constitution also provides for an independent judiciary. Qatari officials say the assembly's proceedings will be public.
- On September 14, 2000, Oman held the first direct elections to its 83-seat Consultative Council. The electorate consisted of 25% of all citizens over 21 years old - mostly local notables and elites. The process contrasted with past elections (1994 and 1997) in which a smaller and more select electorate chose two or three nominees per district and the Sultan then selected final membership. Two women were elected. At the same time, Qaboos appointed new members, including five women, to the 53-seat State Council. The State Council serves, in part, as a check and balance on the elected Consultative Council. Many State Council appointees are former government officials and they tend to be somewhat older than the members of the Consultative Council. On November 21, 2002, Qaboos announced he was extending voting rights to all citizens over 21 years of age, beginning with the October 2003 Consultative Council elections.
- The King of Bahrain has largely abandoned his late father's refusal to accommodate opposition demands to restore an elected national assembly. In February 2002, Bahrain held a referendum on a new "national action charter," establishing procedures for electing a 40-member national assembly. Those elections (two rounds) were held in late October 2002, and most of the seats were won by moderate Islamists. None of the eight female candidates were elected. Shiite opponents of the Sunni-dominated government boycotted the elections, claiming that the formation of an appointed upper body of the same size represented an abrogation of the government's promise to the 1973 parliamentary process. (No appointed upper body was established during the 1970s, but the parliamentary experiment lasted only 2 years when it was closed for fears the parliament represented a challenge to Al Khalifa rule.) The boycott lowered turnout to about 50%. Shiites constitute about two-thirds of the population and some Shiite oppositionists charged that the

government is preventing them from achieving the degree of representation in decision-making that they deserve. Other oppositionists are willing to cooperate with the government in gradual reform.

In the other Gulf states, political liberalization has been significantly slower. Saudi Arabia expanded its national consultative council to 90 seats from 60 in 1997, and again to 120 seats in 2001. It continues to rule out national elections or the appointment of women to the Council, but it has tapped some women to be advisers to the Council. Within the past few years, the Saudi government has parted with tradition by naming two women to high ranking government positions.

The UAE has not moved to broaden the authority of its forty seat advisory Federal National Council, and has undertaken few, if any political reforms, although some observers say the press has become increasingly open. The wife of UAE President Shaikh Zayid bin Sultan al-Nuhayyan said in January 1999 that women would be given a role in the political life of the UAE in the future, and Shaikh Zayid subsequently appointed a woman to be undersecretary of the Ministry of Labor and Social Affairs, the first woman to hold a high-ranking post.

Despite the move toward political openness in some of the Gulf states, the United States believes that the Gulf states continue to rely heavily on repression and denial of internationally recognized standards of human rights to maintain political stability. Even the moves toward political liberalization in the Gulf states do not give Gulf citizens the right to peacefully change their government, and the foreign workers on which their economies rely have virtually no political rights at all. Almost all the Gulf states are cited by human rights organizations and U.S. human rights reports for arbitrary arrests, religious discrimination, and suppression of peaceful assembly and free expression. Saudi Arabia actively prohibits the practice of non-Muslim religions on its territory, even in private, with limited exceptions. Qatar prohibits public non-Muslim worship but tolerates it in private. In Kuwait, Bahrain, the UAE, and Oman, there are functioning Christian churches and congregations. Small Jewish communities in some Gulf countries are generally allowed to worship freely.

A June 2003 State Department report, "Supporting Human Rights and Democracy," outlines steps the Bush Administration is taking to promote civil society in the Gulf, both directly and through private organizations. Initiatives include, for example, judicial reform (Bahrain); political participation by women (Kuwait, Qatar); parliamentary development (Oman); and independent journalism (Saudi Arabia).

Economic Reform. At the same time the Gulf states are coping with political change, some are taking steps to reform their economies and to shore up their key asset, energy resources, by inviting foreign investment in that sector. As noted in **Table 1** below, oil export revenues still constitute a high percentage of GDP for all of the states of the Gulf, including Iran and Iraq. The health of the energy infrastructure of the Gulf producers is also a key concern of the United States — Gulf petroleum comprises almost one quarter of the United States' approximately 10 million barrels per day (mbd) net imports.

Table 1. Gulf Oil Exports (2001)

Country	Total Oil Exports (mbd)	Oil Exports to U.S. (mbd)	Oil Revenues as % GDP	GDP (billion dollars, 2000)
Iran	2.6	0	45%	99.0
Iraq (pre-war)	2.0	0.78	100%	15.0
Kuwait	1.8	0.26	50%	33.4
Saudi Arabia	7.4	1.66	40%	185.0
Qatar	0.8	negligible	30%	12.4
U.A.E.	2.1	negligible	33%	58.0
Oman	0.9	0	40%	17.7
Bahrain	0.02	0	30%	6.9
Total	17.82	2.70	N/A	N/A

Source: DOE, Energy Information Agency (EIA), OPEC Revenue Fact Sheet. Some figures from supporting EIA data.

A sharp oil price decline in 1997-1998 prompted the Gulf monarchy states to reevaluate their longstanding economic weaknesses, particularly the generous system of social benefits they provide to their citizens. However, the strong expectation in these countries of continued benefits led the Gulf regimes to look to other ways to reform their economies. Rather than cut benefits, institute or raise taxes, or dramatically reduce their defense budgets, some of the Gulf states have chosen to focus on attracting international capital to the energy and other sectors. Qatar has partnered with foreign investors such as Exxon Mobil, Totalfina Elf (France), and others to develop its North Field, the world's largest non-associated gas field, which now has customers in Asia and sells some liquified natural gas (LNG) to the United States.

Kuwait and Saudi Arabia have begun discussions with Western oil companies, including several American firms, about further developing their oil and gas reserves. However, internal opposition to opening up this vital asset to foreign investors has significantly slowed the entry of international firms into this sector in the two countries. Proponents of foreign investment maintain that international firms bring technology and capital that are now in short supply to the Gulf's state-owned oil companies, such as Saudi Aramco and Kuwait Petroleum Company (KPC). The Kuwaiti government has not obtained National Assembly approval for opening the energy sector to foreign investment, and its "Project Kuwait," a plan under which foreign investors would develop Kuwait's northern oil fields, has moved forward only slowly. However, Kuwaiti officials told visiting congressional staff in July 2003 that the project has been put out for bid, using an investment plan

that would not require explicit National Assembly approval.⁸ Similarly, Saudi Crown Prince Abdullah's initiative to open the Kingdom's gas reserves to foreign development, has stalled. Saudi Arabia and eight foreign firms signed a preliminary agreement in June 2001 to develop three Saudi gas fields; two of the three would be led by Exxon Mobil. However, the agreement collapsed in May 2003 and its future is uncertain. Factors contributing to the derailment of the deal reportedly included obstructions by Saudi officials who do not want Saudi Aramco to lose influence, and differences between Saudi Arabia and the foreign investors on commercial terms.

As part of the process of attracting international investment, the Gulf states are starting to open their economies. The Gulf states have passed laws allowing foreign firms to own majority stakes in projects, and easing restrictions on repatriation of profits. U.S. officials have recognized progress by the GCC states in eliminating the requirement that U.S. firms work through local agents, and protecting intellectual property rights of U.S. companies. Oman was admitted to the World Trade Organization (WTO) in October 2000, and Saudi Arabia, the last GCC state not a member of that body, is in negotiations to join it. Some Saudi officials blame the United States for insisting on terms of entry that are too strict, and U.S. officials say that Saudi Arabia is seeking terms that are overly generous and which would allow it to avoid required reforms. In 1994, all six GCC countries relaxed their enforcement of the secondary and tertiary Arab boycott of Israel, enabling them to claim that they no longer engage in practices that restrain trade (a key WTO condition). In December 2002, the GCC states agreed to implement a "customs union," providing for uniform tariff rate on foreign imports for all the GCC states; the move had been under negotiation for many years.

Gulf Foreign Policy and Defense Cooperation with the United States

Even with Saddam Hussein's regime removed, the Gulf states will likely continue to ally with the United States to ensure against potential Iranian aggression or intimidation. However, some experts believe that, with the strategic threat from Iraq now removed, some of the Gulf states might distance themselves from the United States and move closer to a broad Arab consensus on issues such as the Israeli-Palestinian dispute. Although their combined forces might be equipped as well as or better than Iran (see **Table 2** below), the Gulf countries suffer from a shortage of personnel willing to serve in the armed forces or commit to a military career, and they generally lack much combat experience.

⁸ Conversations with Kuwait officials in Kuwait City, July 3-6, 2003.

Table 2. Comparative Military Strengths of the Gulf States

Country	Military Personnel	Tanks	Surface-Air Missiles	Combat Aircraft	Naval Units		Patriot Firing Units	Defense Budget (billion dollars)
					Surface Combatants	Sub-marines		
Saudi Arabia	201,000 (incl. 75,000 Saudi National Guard)	1,055 (incl. 315 M-1A2 Abrams)	33 batteries, (about half I-Hawk)	348 (incl. 174 F-15)	34	0	20	27.2
UAE	64,500	411 (incl. 330 Leclerc)	5 (I-Hawk batteries)	101	18	0	—	3.9
Oman	43,400	153	2 batteries	40	13	0	—	2.4
Kuwait	15,500	385 (incl. 218 M-1A2 Abrams)	10 batteries (incl. 4 Hawk)	82 (incl. 40 FA-18)	10	0	5	3.3
Qatar	12,300	35	75 SAM's (incl. 12 Stinger)	18	7	0	—	1.5
Bahrain	11,000	106	2 batteries	34 (incl. 22 F-16)	11 (incl. 1 frigate)	0	—	.315
Iraq	40,000 (planned)	2,200 (pre-war; post-war numbers not known)	1,500 launchers (incl. various SAM's)	316	6	0	—	1.4
Iran	513,600	1,565	76 batteries, (incl. I-Hawk) plus some Stinger	283	66 (incl. 10 Hudong) plus 40 Boghammer	6 (incl. 3 Kilo)	—	9.1

Source: International Institute for Strategic Studies, *The Military Balance 2001-2002*. (Note: Figures shown here do include materiel believed to be in storage)

Iraqi aircraft figures include aircraft flown from Iraq to Iran during 1991 Gulf war. Patriot firing unit figures do not include firing units emplaced in those countries by the United States. Six U.S. Patriot firing units are emplaced in Saudi Arabia, according to *Teal's World Missiles Briefing*.

Arab-Israeli Dispute. In return for U.S. strategic protection to the Gulf states, these states have generally provided tangible diplomatic and material support to other aspects of U.S. policy in the Middle East, including U.S. policy toward the Israeli-Palestinian dispute. In the aftermath of the 1993 Israeli-PLO mutual recognition, the GCC states participated in the multilateral peace talks, but only Bahrain, Qatar, and Oman hosted sessions of the multilaterals. As noted above, in 1994 the GCC states ceased enforcing the secondary and tertiary Arab League boycott of Israel, and Oman and Qatar opened low-level direct trade ties with Israel in 1995-1996. A regional water desalination research center was established in Oman as a result of an agreement reached at the multilaterals. In November 1997, at a time of considerable strain in the peace process, Qatar bucked substantial Arab opposition and hosted the Middle East/North Africa economic conference, the last of that yearly event to be held. Diplomats from all six Gulf states met with Israeli diplomats during reciprocal visits or at the margins of international meetings.

On the other hand, the Gulf states are Arab states and try not to stray far from a broader Arab consensus. Differences between the Gulf states and the United States on the Palestinian-Israeli dispute did widen after the latest Palestinian uprising began in September 2000. After the Palestinian uprising began in September 2000, Oman closed its trade office in Israel and ordered Israel's trade office in Muscat closed. Qatar announced the closure of Israel's trade office in Doha, although observers say the office has been tacitly allowed to continue functioning at a low level of activity. (Qatar did not open a trade office in Israel.) Even though the Gulf states resent PLO leader Yasir Arafat for supporting Iraq in the Gulf war, the Gulf states have bowed to public sympathy for the plight of the Palestinians by giving financial assistance to Palestinian families that have lost members to Israeli military operations or in the course of perpetrating violence against Israelis. Although all the Gulf leaders have expressed sharp disagreement with Bush Administration policy that they believe is too heavily tilted toward Israel, the Gulf states have not, as was feared, taken steps to reduce defense cooperation with the United States. Saudi Crown Prince Abdullah has tried to guide and support U.S. policy on this issue; he engineered Arab League approval of a vision of peace between Israel and the Arab states at the March 2002 Arab summit. The Gulf states have all publicly endorsed the Bush Administration's "road map" for Israeli-Palestinian peace, which the Administration is attempting to implement.

Policy Toward Iraq. Some of the Gulf states, fearing unintended consequences, were initially reluctant to support the Administration view that war with Iraq was necessary. For the most part, Gulf leaders publicly indicated that they would only support a U.S. attack if such action were authorized by the United Nations and had broad international support. Two of the Gulf states, Kuwait and Qatar, were more openly supportive of the U.S. position from the outset, and both hosted substantial buildups of U.S. forces and equipment that were used in the offensive against Iraq. Bahrain publicly supported the war by the time the Administration made it clear that there would be war, and it and Oman also hosted significant buildups of U.S. forces. Of the Gulf states, Saudi Arabia was the most vocally opposed to a U.S. offensive against Iraq, and it and the UAE did not allow additional U.S. forces to deploy to the Kingdom for military action. However, Saudi Arabia did agree to host command centers for U.S. air operations in the war, and the UAE allowed U.S. air support operations from its territory. In advance of the U.S.

military action, all of the Gulf states wanted the United States to assure them that a stable and more peaceful Iraq would result from any military action, and some Gulf states remain concerned that Iraq could still fragment.

War on Terrorism. The September 11, 2001, attacks introduced new frictions in U.S. relations with the Gulf states. The revelation that fifteen of the nineteen September 11 hijackers were of Saudi origin led to additional strain in U.S.-Saudi relations, which had already been tense because of the Israeli-Palestinian dispute, and to speculation that U.S. forces might be asked to leave the Kingdom. There were also reports that the hijackers had used financial networks based in the UAE in the September 11 plot. The Saudis reportedly have been offended by U.S. press articles that equated Saudi human rights practices to those of the Taliban, and that discuss Saudi funding of religious schools in Pakistan that were linked to the Taliban and Al Qaeda. There have been reports that some Bush Administration officials, weighing these and other criticisms of Saudi Arabia, now view the Kingdom as more an adversary than a friend of the United States.

Publicly, the Bush Administration has responded to the criticisms of the Gulf states by stressing that all the Gulf states strongly condemned the September 11 attacks, and have responded, to varying degrees, to U.S. requests that they shut down financial networks used by Al Qaeda and other terrorist groups. Virtually all of the Gulf states have instituted mechanisms to identify bank accounts of known or suspected terrorists or Islamic charities allegedly funding terrorist organizations, although they have been hesitant to freeze such accounts. In November 2002, Saudi Arabia announced the formation of an oversight authority for Saudi charities to ensure that donations to them do not end up in the hands of terrorist groups; the other Gulf states have instituted similar mechanisms with varying degrees of authority. At the same time, the Gulf leaders defend Islamic charities as needed vehicles to help poor Muslims, and they have challenged some U.S. assertions that these funds are used for terrorism.

Several of the Gulf states have provided active cooperation by arresting, facilitating the arrest of, or combating members of alleged terrorist cells on their territories. In particular, the UAE has provided information that led to a few major arrests of Al Qaeda operatives, according to several press reports. Saudi Arabia announced in November 2002 that it had incarcerated more than 100 Saudi nationals suspected of having ties to Al Qaeda. However, Saudi efforts did not prevent a May 2003 terrorist attack on three compounds housing U.S. and other foreign workers in the capital, Riyadh. The attack prompted a Saudi crackdown on alleged Al Qaeda cells but also prompted questions over Saudi vigilance and competence in its pursuit of Al Qaeda cells in the Kingdom.

Defense Agreements and U.S. Forces in the Gulf. In the aftermath of the 1991 Gulf war, the Gulf states, with the exception of Saudi Arabia, renewed or formalized defense agreements with the United States. The agreements provide not only for facilities access for U.S. forces, but also for U.S. advice, training, and joint exercises; lethal and non-lethal U.S. equipment prepositioning; and arms sales. The pacts do not formally require the United States to come to the aid of any of the Gulf states if they are attacked, according to U.S. officials familiar with their contents. Nor do the pacts give the United States automatic permission to conduct military

operations from Gulf facilities — the United States must obtain permission on a case by case basis.

The September 11 attacks offered a new opportunity to exercise the longstanding defense cooperation with the Gulf states. The Gulf states were asked, and most of them agreed, to host U.S. forces performing combat missions in Afghanistan in Operation Enduring Freedom (OEF, the war against the Taliban and Al Qaeda). Saudi Arabia did not offer to allow U.S. pilots to fly missions in Afghanistan from Saudi Arabia, but it did permit the United States to use the Combined Air Operations Center at Prince Sultan Air Base, south of Riyadh, to coordinate U.S. air operations over Afghanistan. Published accounts indicate that the other Gulf states did allow such missions to fly from their territory, and they allowed the United States to station additional forces for OEF. Qatar publicly acknowledged the U.S. use of the large Al Udaid air base in OEF, and Bahrain publicly deployed its U.S.-supplied frigate naval vessel in support of OEF.

In Operation Iraqi Freedom, the Gulf states continued about the same level of cooperation as in Operation Enduring Freedom, with some exceptions. As noted above, Qatar publicly allowed the United States to locate its forward U.S. Central Command (CENTCOM) headquarters at the Army prepositioning site at Saliyah for the war with Iraq, and Kuwait hosted virtually the entire U.S. ground invasion force.

The number of U.S. military personnel in the Gulf theater of operations is listed in **Table 3** below. The number of U.S. personnel in the Gulf reflects the buildup for OEF and Operation Iraqi Freedom. Prior to Enduring Freedom, about 20,000 U.S. military personnel were in the Gulf at most times. The United States and the Gulf states are discussing the long-term U.S. force posture in the region, although that posture, and the rate at which it is achieved, might depend on the success of U.S. efforts to stabilize Iraq. According to U.S. officials, the U.S. presence, over the long term, is expected to shift among the Gulf states but might remain, in the aggregate, close to the pre-2001 personnel level of about 20,000. U.S. forces in Iraq remain about 145,000 as of mid-July 2003, and Secretary of Defense Rumsfeld said on July 13 that U.S. numbers could conceivably rise depending on the situation inside Iraq. The following is a brief overview of U.S. operations and presence in each of the six Gulf states:

- Concerned about internal opposition to a U.S. presence, Saudi Arabia has refused to sign a formal defense pact with the United States. However, it has entered into several limited defense procurement and training agreements with the United States.⁹ During the period of U.S. containment of Iraq, U.S. combat aircraft based in Saudi Arabia flew patrols of the no fly zone over southern Iraq (Operation Southern Watch), but Saudi Arabia did not permit preplanned strikes against Iraqi air defenses, only retaliation in case of tracking or firing by Iraq. U.S. officials have said that Operation Southern Watch has ended with the fall of Iraq's regime and that the

⁹ For more information on these agreements, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*. February 3, 1994, by Alfred Prados.

U.S. presence in Saudi Arabia will fall to “several hundred,” mostly in ongoing training and advisory missions for the Saudi regular army and National Guard.

- Bahrain has hosted the headquarters for U.S. naval forces in the Gulf since 1948, long before the United States became the major Western power in the Gulf. (During the 1970s and 1980s, the U.S. presence was nominally based offshore.) Bahrain signed a separate defense cooperation agreement with the United States on October 28, 1991, and the pact remains in effect. In June 1995, the U.S. Navy reestablished its long dormant Fifth fleet, responsible for the Persian Gulf region, and headquartered in Bahrain. No U.S. warships are actually based in Bahraini ports; the headquarters is used to command the 20 or so U.S. ships normally in the Gulf.
- An April 21, 1980 facilities access agreement with Oman provided the United States access to Omani airbases at Seeb, Thumrait, and Masirah, and some prepositioning of U.S. Air Force equipment. The agreement was renewed in 1985, 1990, and 2000. In keeping with an agreement reached during the 2000 access agreement renewal negotiations, the United States is funding the \$120 million cost to upgrade another base near al-Musnanah. When completed in late 2003, the base will be able to handle even the largest U.S. aircraft.¹⁰
- On September 19, 1991, Kuwait, which sees itself as the most vulnerable to Iraqi aggression, signed a 10-year pact with the United States (renewed in 2001 for another 10 years) allowing the United States to preposition enough equipment to outfit a U.S. brigade. Joint U.S.-Kuwaiti exercises were held almost constantly, meaning that about 4,000 U.S. military personnel were in Kuwait at virtually all times during the 1990s. The United States opened a Joint Task Force headquarters in Kuwait in December 1998 to better manage the U.S. forces in Kuwait. The United States has spent about \$170 million since 1999 to upgrade the two Kuwaiti air bases that host U.S. aircraft, Ali al-Salem and Ali al-Jabir, and to upgrade the headquarters of U.S. Army troops in Kuwait. The main U.S. prepositioning site is moving to southern Kuwait, at Arifjan, which was used in Operation Iraqi Freedom. Arifjan can hold more equipment than the current site at Camp Doha.
- Qatar is building an increasingly close defense relationship with the United States, possibly to ensure that its neighbors do not try to encroach on its huge natural gas reserves. It signed a defense pact with the United States on June 23, 1992, and accepted the prepositioning of enough armor to outfit one U.S. brigade, and the construction of a facility (As-Saliyah site) that could accommodate

¹⁰ Sirak, Michael. USA looks to Expand Bases in Oman and Qatar. *Jane's Defence Weekly*, April 17, 2002.

enough equipment to outfit at least two U.S. brigades. (Most of that armor had moved from storage in Qatar up to Kuwait by December 2002 for use against Iraq.) The United States has built an air operations center at Al Udaid that will largely supplant the one in Saudi Arabia, and CENTCOM used its command headquarters at the As Saliyah site as its main command post during Operation Iraqi Freedom. The United States helped Qatar expand Al Udaid air base at a cost of about \$1 billion, and U.S. support aircraft began using the base during OEF. Over 2,000 U.S. Air Force personnel deployed to Al Udaid in OEF. On December 11, 2002, visiting Secretary of Defense Rumsfeld signed an accord with Qatar expanding U.S. access to Al Udaid and providing for additional upgrades to the base.

- The UAE did not have close defense relations with the United States prior to the 1991 Gulf war. After that war, the UAE determined that it wanted a closer relationship with the United States, in part to deter and balance out Iranian naval power. On July 25, 1994, the UAE announced it had signed a defense pact with the United States. The UAE has allowed some U.S. prepositioning, as well as U.S. ship port visits at its large man-made Jebel Ali port. It also has hosted U.S. refueling aircraft participating in the southern no fly zone enforcement operation (al-Dhafra air base). Concerned about a perceived loss of sovereignty, the UAE also insisted on a clarification of the defense pact's provisions on the legal jurisdiction of U.S. military and other official personnel in the UAE; the issue was resolved in 1997. Generally wanting to appear within an Arab consensus on major issues, the UAE did not host additional U.S. forces in Operation Iraqi Freedom, although it did allow the United States to conduct air support operations during the war, using equipment pre-positioned in UAE.

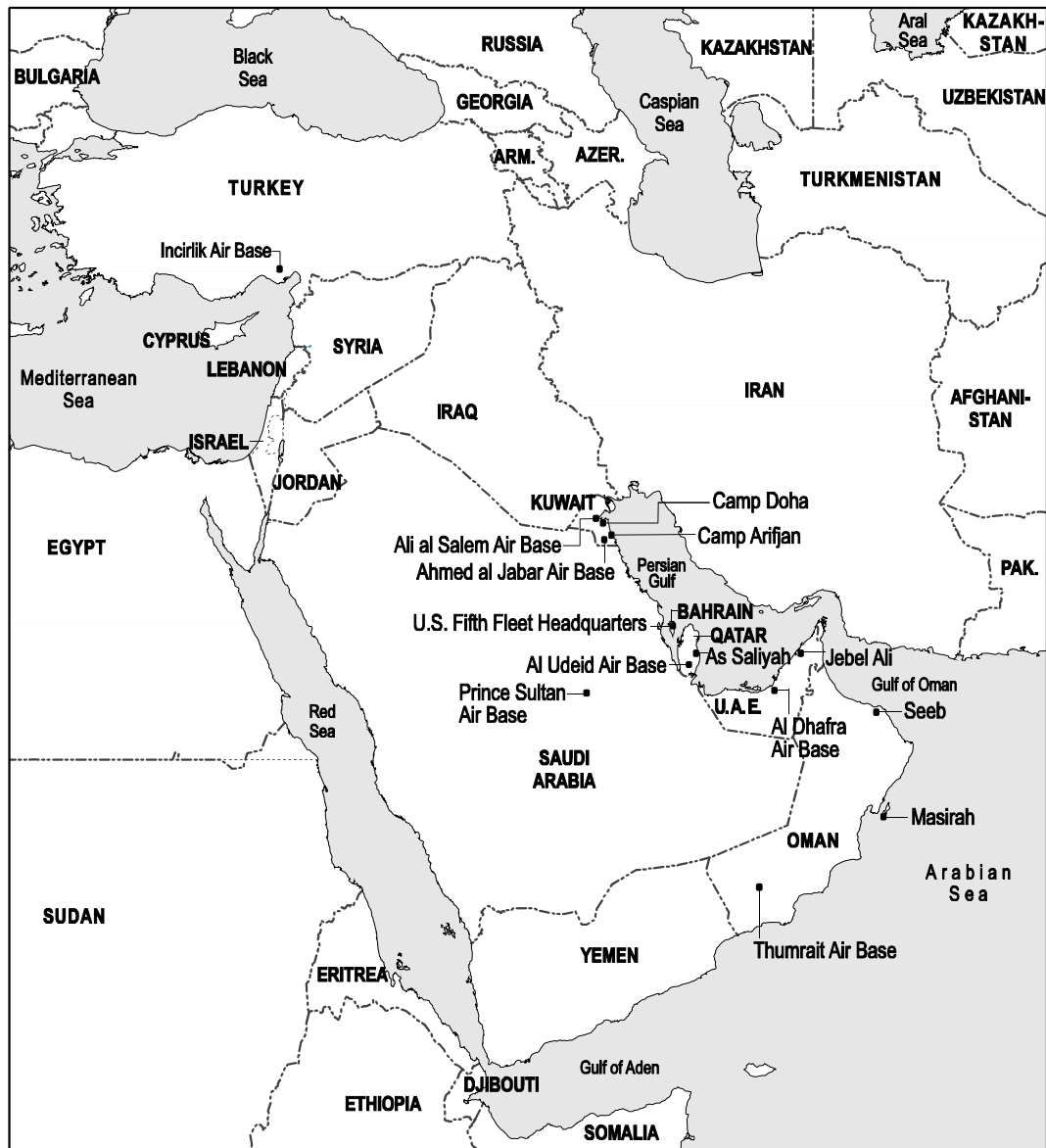
Table 3. U.S. Troops in the Gulf Area/ Host Nation Support

Country	U.S. Forces/Equipment Hosted (June 2003)	Host Nation Support, 1999 (Millions)	U.S. Aid (FY2004 Request)
Saudi Arabia	<ul style="list-style-type: none"> - About 6,000 personnel and 80 aircraft pre-war, will decrease to several hundred mostly advisory and no aircraft. - Combined Air Operations Center at Prince Sultan Air Base. 	\$2.16 direct \$78.29 indirect \$80.44: Total	\$25,000 IMET
Kuwait	<ul style="list-style-type: none"> - About 70,000 mostly Army. Levels to decrease depending on Iraq operations. - About 40 U.S. aircraft (pre-Sept. 11) - Armor for one brigade stored (Camp Doha, Arifjan). 	\$172.09 direct \$4.90 indirect \$176.99: Total	
UAE	<ul style="list-style-type: none"> - About 500, mostly Air Force - insignificant increase from pre-September 11 baseline - Port facilities at Jebel Ali; some U.S. refueling aircraft, and drones 	\$0.06 direct \$14.62 indirect \$14.68: Total	
Qatar	<ul style="list-style-type: none"> - About 3,300, well above pre-September 11 baseline of under 100. - KC-10 and KC-135 refueling planes, equipment at Al Udaid Air Base, new air command center there. - Armor for at least one brigade and CENTCOM forward hq at As-Saliyah 	\$0.00 direct \$11.00 indirect \$11.00: Total	
Oman	<ul style="list-style-type: none"> - About 3,000, well above pre-September 11 baseline of about 200; decreasing to levels not yet known. - Some Air Force equipment, access to air bases: Seeb, Thumrait, Masirah. 	\$0.00 direct \$34.91 indirect \$34.91: Total	\$25 million FMF; \$1 million IMET;
Bahrain	<ul style="list-style-type: none"> - About 4,200, mostly Navy, pre-war; decreasing to levels not yet known - Fifth fleet headquarters - use of Shaikh Isa air base 	\$1.25 direct \$0.15 indirect \$1.40: Total	\$25 million FMF; \$600,000 IMET
Turkey	About 4,000 personnel and 60 aircraft for Northern Watch pre-war; now mostly redeployed elsewhere	N/A	\$50 million FMF; \$5 million IMET; \$200 million ESF
Afloat in the Gulf	About 13,000 personnel and 70 aircraft per aircraft carrier task force. (Pre-Operation Iraqi Freedom; future deployment uncertain)	N/A	

Sources: Various press reporting during November 2002 - January 2003

Note: Direct support: financial payments to offset U.S. costs incurred. Indirect: in-kind support such as provision of fuel, food, housing, basing rights, maintenance, and the like. IMET: International Military Education and Training funds; ESF: Economic Support Funds; FMF : Foreign Military Financing; NADR: Nonproliferation, Anti-Terrorism, Demining, and Related Programs.

Figure 1. Facilities Used by U.S. Forces in the Gulf



Source: Map Resources. Adapted by CRS. (M.Chin 01/03)

U.S. Arms Sales and Security Assistance. A key feature of the U.S. strategy for protecting the Gulf has been to sell arms and related defense services to the GCC states. Congress has not blocked any U.S. sales to the GCC states since the 1991 Gulf war, although some in Congress have expressed reservations about sales of a few of the more sophisticated weapons and armament packages to the Gulf states in recent years. Some Members believe that sales of sophisticated equipment could erode Israel's "qualitative edge" over its Arab neighbors,¹¹ if the Gulf states were to join a joint Arab military action against Israel. Others are concerned that some U.S. systems sold to the Gulf contain missile technology that could violate international

¹¹ Towle, Michael. "Senators Say They Now Support F-16 Sale." *Fort Worth Star-Telegram*. August 25, 1998.

conventions or be re-transferred to countries with which the United States is at odds. Few experts believe that, absent a major Arab-Israeli war, the Gulf states would seek conflict with Israel. Even if they were to do so, successive administrations have maintained that the Gulf states are too dependent on U.S. training, spare parts, and armament codes to be in a position to use sophisticated U.S.-made arms against Israel.¹² The Foreign Relations Authorization Act of 1994-1995 (P.L. 103-236, signed April 30, 1994) bars U.S. arms sales to any country that enforces the primary and secondary Arab League boycott of Israel. The Administration has waived the application of this law to the Gulf states every year since enactment.

Most of the GCC states are considered too wealthy to receive U.S. security assistance, including Foreign Military Financing (FMF) and excess defense articles (EDA). Only Bahrain and Oman, the two GCC states that are not members of the Organization of Petroleum Exporting Countries (OPEC), receive significant amounts of U.S. assistance. Saudi Arabia receives a nominal amount of International Military Education and Training funds (IMET) to lower the costs to the Saudi government of sending its military officers to U.S. schools. The move is intended to preserve U.S.-Saudi military-to-military ties over the longer term, amid fears of recent erosion in those ties.

Excess Defense Articles. Bahrain and Oman are eligible to receive EDA on a grant basis (Section 516 of the Foreign Assistance Act) and the UAE is eligible to buy or lease EDA. In 1998-1999, Oman received 30 and Bahrain 48 U.S.-made M-60A3 tanks on a “no rent” lease basis. The Defense Department subsequently transferred title to the equipment to the recipients. Since July 1997, Bahrain has taken delivery of a U.S. frigate and an I-HAWK air defense battery as EDA. Bahrain is currently seeking a second frigate under this program.

Foreign Military Sales, FMS. Some of the major U.S. arms sales (foreign military sales, FMS) to the Gulf states, either in progress or under consideration, include the following.¹³

- The UAE historically has purchased its major combat systems from France, but UAE officials now appear to believe that arms purchases from the United States enhance the U.S. commitment to UAE security. In March 2000, the UAE signed a contract to purchase 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM), the HARM (High Speed Anti-Radiation Missile) anti-radar missile, and, subject to a UAE purchase decision, the Harpoon anti-ship missile system. The total sale value is estimated at over \$8 billion, including a little over \$2 billion worth

¹² Ratnam, Gopal and Amy Svitak. “U.S. Would Keep Tight Rein on Missile Sold to Bahrain.” *Defense News*, September 11, 2000.

¹³ Information in this section was provided by press reports and the Defense Security Cooperation Agency (DSCA) in *Security Assistance Program Summaries* (unclassified) for each of the Gulf states. July - September 2000.

of weapons, munitions, and services.¹⁴ The aircraft are in the process of being delivered. Congress did not formally object to the agreement, although some Members initially questioned the inclusion of the AMRAAM as a first introduction of that weapon into the Gulf region. The Clinton Administration satisfied that objection by demonstrating that France had already introduced a similar system in an arms deal with Qatar. On July 18, 2002, the Administration notified Congress it would upgrade the UAE's 30 AH-64 Apache helicopter gunships (bought during 1991-1994) with the advanced "Longbow" fire control radar. The UAE is evaluating the Patriot PAC-III theater missile defense system, as well as a Russian equivalent, to meet its missile defense requirements.

- Saudi Arabia is still absorbing about \$14 billion in purchases of U.S. arms during the Gulf war, as well as post-war buys of 72 U.S.-made F-15S aircraft (1993, \$9 billion value), 315 M1A2 Abrams tanks (1992, \$2.9 billion), 18 Patriot firing units (\$4.1 billion) and 12 Apache helicopters. Few major new U.S. sales are on the horizon, and the Defense Security Cooperation Agency (DSCA) says Saudi Arabia is not, at this point, considering ordering any more F-15's. In July 2000, the United States proposed a sale to Saudi Arabia of up to 500 AMRAAM missiles and related equipment and services, at an estimated cost of \$475 million, to outfit their F-15s. Congress did not attempt to block the sale.
- In early September 2002, the United States and Kuwait signed a long-delayed agreement for Kuwait to purchase 16 U.S. Apache helicopters, equipped with the Longbow fire control system - a deal valued at about \$886 million. A U.S. offer to sell Kuwait 48 U.S.-made M109A6 "Palladin" artillery systems, (worth about \$450 million) was withdrawn in July 2000. The sale had languished for about two years because of opposition from several members of Kuwait's National Assembly, who believed that the purchase primarily represented an attempt to curry political favor with the United States. According to DSCA, Kuwait is considering purchasing additional F/A-18 aircraft to complement its existing fleet of 40 of those aircraft. Kuwait also bought 5 Patriot firing units in 1992 and 218 M1A2 Abrams tanks in 1993.
- In 1998, Bahrain purchased 10 F-16s from new production at a value of about \$390 million; delivery began in early 2001. In late 1999, the Administration, with congressional approval, agreed to sell Bahrain up to 26 AMRAAMs, at a value of up to \$69 million, but delivery has been delayed by the war in Afghanistan, according to DSCA. Among the more controversial sales to a Gulf state, in

¹⁴ See CRS Report 98-436, *United Arab Emirates: U.S. Relations and F-16 Aircraft Sale*. Updated June 15, 2000, by Kenneth Katzman and Richard F. Grimmett. Transmittal notices to Congress, No. DTC 023-00, April 27, 2000; and 98-45, September 16, 1998.

August 2000 Bahrain requested to purchase 30 Army Tactical Missile Systems (ATACMs), a system of short-range ballistic missiles fired from a multiple rocket launcher. The Defense Department told Congress the version sold to Bahrain would not violate the rules of the Missile Technology Control Regime (MTCR),¹⁵ an effort to allay congressional concerns that the sale would facilitate the spread of ballistic and cruise missiles in the Gulf.¹⁶ In addition, the Administration proposed a system of joint U.S.-Bahraini control of the weapon under which Bahraini military personnel would not have access to the codes needed to launch the missile.¹⁷ Bahrain accepted that control formula, and delivery will begin later in 2003. In March 2002, President Bush issued Presidential Determination 2002-10 designating Bahrain a “major non-NATO ally,” a designation that will open Bahrain to a wider range of U.S. arms that can be sold to it in the future.

- Although Qatar has traditionally been armed by France and Britain, the Foreign Minister said in mid-1997 that it is “probable” that Qatar will buy arms from the United States in the future. No major U.S. sales seem imminent, but DSCA says that Qatar is expressing interest in a few U.S. systems including the Patriot (PAC-III), the M1A2 Abrams tank, a Low Altitude Surveillance System (LASS), and the Harpoon system. The United States has told Qatar it is eligible to buy the ATACM system (see above) because the Administration has approved Bahrain for purchases of that system, but Qatar has not requested to purchase the ATACM to date.
- Oman has traditionally purchased mostly British weaponry, reflecting British influence in Oman’s military, and the British military’s mentoring and advisory relationship to Qaboos. In October 2001, in an indication of waning British influence, the United States announced that Oman would buy 12 F-16 A/B aircraft, at an estimated value of \$1.1 billion. Oman does not appear to be considering the purchase of any other major U.S. systems at this time, although it has requested some items be supplied as EDA, including patrol boats to combat smuggling.

Joint Security/ “Cooperative Defense Initiative”. The United States has encouraged the GCC countries to increase military cooperation among themselves, building on their small (approximately 5,000 personnel) Saudi-based force known as Peninsula Shield, formed in 1981. Peninsula Shield did not react militarily to the Iraqi invasion of Kuwait, exposing the force’s deficiencies. After the war, manpower

¹⁵ The MTCR commits member states not to transfer to non-member states missiles with a range of more than 300 km, and a payload of more than 500 kilograms. Turkey, Greece, and South Korea are the only countries to have bought ATACMs from the United States.

¹⁶ Ratnam, Gopal and Amy Svitak. “U.S. Would Keep Tight Rein on Missile Sold to Bahrain.” *Defense News*, September 11, 2000.

¹⁷ Ibid.

shortages and disagreements over command of the force prevented the GCC states from agreeing to a post-Gulf war Omani recommendation to boost Peninsula Shield to 100,000 men. Gulf state suspicions of Syria and Egypt prevented closer military cooperation with those countries, as envisioned under the March 1991 “Damascus Declaration.” In September 2000, the GCC states agreed in principle to increase the size of Peninsula Shield to 22,000.¹⁸ The GCC states have announced similar agreements to expand Peninsula Shield in the past without implementation, and that no timetable has been set for reaching the targeted level of strength. In a further step, at their summit in December 2000, the GCC leaders signed a “defense pact” that presumably would commit them to defend each other in case of attack.

The GCC states have made some incremental progress in linking their early warning radar and communication systems. In early 2001, the GCC inaugurated its “Belt of Cooperation” network for joint tracking of aircraft and coordination of air defense systems, built by Raytheon. The Belt of Cooperation is expected to eventually include a link to U.S. systems. The project is part of the United States’ “Cooperative Defense Initiative” to integrate the GCC defenses with each other and with the United States. Another part of that initiative is U.S.-GCC joint training to defend against a chemical or biological attack, as well as more general joint military training and exercises.¹⁹ The Cooperative Defense Initiative is a scaled-back version of an earlier U.S. idea to develop and deploy a GCC-wide theater missile defense (TMD) system that could protect the Gulf states from Iran’s increasingly sophisticated ballistic missile program and from any retained Iraqi ballistic missiles.²⁰ The Department of Defense, according to observers, envisioned this system under which separate parts (detection systems, intercept missiles, and other equipment) of an integrated TMD network would be based in the six different GCC states. That concept ran up against GCC states’ financial constraints, differing perceptions among the Gulf states, some level of mistrust among them, and the apparent UAE preference for Russian made anti-missile/air defense systems.²¹ As noted in **Table 3** above, Kuwait and Saudi Arabia have Patriot anti-missile units of their own; the other four GCC states have no advanced missile defenses.

¹⁸ “GCC States Look to Boost ‘Peninsula Shield’ Force to 22,000.” *Agence France Press*, September 13, 2000.

¹⁹ Press Conference with Secretary of Defense William Cohen. Office of the Assistant Secretary of Defense (Public Affairs), April 8, 2000.

²⁰ Under Resolution 687, Iraq is allowed to retain and continue to develop missiles with a range of up to 150 km, which would put parts of Kuwait and Saudi Arabia within range of Iraq, even if Iraq abides completely by the provisions of the resolution.

²¹ Finnegan, Philip. “Politics Hinders Joint Gulf Missile Defense.” *Defense News*, March 22, 1999.

Prospects and Challenges

U.S. Gulf policy faces numerous uncertainties as the Bush Administration moves to try to stabilize Iraq and address remaining regional security threats from Iran and Al Qaeda loyalists. For now, the Gulf states are relieved that the United States has eliminated the threat from Saddam Hussein and believe that the Gulf region has become more stable because of the U.S. military action against Iraq. This assessment will likely cause the Gulf states to remain strong allies of the United States even though the threat from Saddam Hussein has been removed. However, the Gulf states are concerned that continuing U.S. casualties in Iraq might cause the United States to withdraw before Iraq is fully stabilized. Some Gulf countries are concerned that Iraq's Shiite majority will emerge as the dominant force in Iraq and that Shiite political success in Iraq could embolden Shiite communities in the Gulf states to seek increased political power.

Some Gulf state policymakers worry about the opposite possibility — that the United States might remain in Iraq militarily for many years, possibly turning Gulf popular opinion against the United States as a non-Muslim occupying power. Some U.S. experts cite this factor in arguing that the United States should now pull out of the Gulf almost entirely.²² On the other hand, the U.S. military presence in the Gulf states will likely be restructured and reduced, particularly in Saudi Arabia, in a manner that will likely reduce resentment over that presence among Islamists and other conservatives in the Gulf.

There are also concerns in the Gulf that the traditional strategic balance between Iran and Iraq has been altered to Iran's benefit. Iraq's military has been largely destroyed, leaving Iraq unable to provide a strategic counterweight to Iran. In addition, Iran's influence inside Iraq, particularly its relations with Iraqi Shiite Islamist groups, has been enhanced. Some Gulf states fear that Iran might be tempted, particularly if the United States draws down its presence in Iraq, to intimidate the Gulf states into ceding a larger Gulf security role to Iran. The potential for Iran to try to assume a larger role in Gulf security provides an additional rationale for the Gulf states to maintain their close alliance with the United States.

²² Preble, Christopher. *After Victory: Toward a New Military Posture in the Persian Gulf*. *Cato Institute*, June 10, 2003.

Appendix 1. Gulf State Populations, Religious Composition

Country	Total Population	Number of Non-Citizens	Religious Composition
Iran	66.1 million	607,000	89% Shia; 10% Sunni; 1% Bahai, Jewish, Christian, Zoroastrian
Iraq	23.3 million	—	60-65% Shia; 32-37% Sunni; 3% Christian or other
Saudi Arabia	22.7 million	5.3 million	90% Sunni; 10% Shia
Kuwait	2.04 million	1.16 million	45% Sunni; 40% Shia; 15% Christian, Hindu, other
United Arab Emirates	2.4 million	1.58 million	80% Sunni; 16% Shia; 4% Christian, Hindu, other
Bahrain	645,300	228,600	75% Shia; 25% Sunni
Qatar	769,000	516,000	95% Muslim; 5% other
Oman	2.6 million	527,000	75% Ibadhi Muslim; 25% Sunni and Shia Muslim, and Hindu

Source: Central Intelligence Agency World Factbook, 2001. Population figures are estimates as of July 2001. Most, if not all, non-Muslims in GCC countries are foreign expatriates.

Appendix 2. Map of the Persian Gulf Region and Environs



Adapted by CRS from Magellan Geographix. Used with permission.